



Annual Report 1976

Robinson Little & Company Limited

1093 SHERWIN ROAD, WINNIPEG, MANITOBA - R3H 0T9

ANNUAL REPORT 1976 — INDEX

INDEX

The President's Report to the Shareholders	(1)
Directors Information	(2)
Directors	(3)
Five-Year Comparison Figures	(4)
Auditors' Report	(5)
Consolidated Balance Sheet — Assets	(6)
Consolidated Balance Sheet — Liabilities	(7)
Consolidated Statement of Retained Earnings	(8)
Consolidated Statement of Income	(9)
Consolidated Statement of Changes in Financial Position	(10)
Notes to Consolidated Financial Statements	(11)
Notes to Consolidated Financial Statements	(12)
Notes to Consolidated Financial Statements	(13)

THE PRESIDENT'S REPORT TO THE SHAREHOLDERS



Carrying on business in Canada in 1976 proved to be a trying experience. In spite of the problems it encountered, the Company has been able to achieve a modest increase in both its net profits and its gross sales. The Robinson Store premises themselves, on the whole, have never been in better condition.

The next twelve months will challenge every member of the Robinson, Little organization to work as never before to do all those things required to produce an acceptable profit for the company's operations in 1977.

Yours faithfully,

A handwritten signature in cursive script that reads "Clare Lifesky".

PRESIDENT

DIRECTORS INFORMATION

CLARE C. LECKIE, Chairman of the Board;
President and General Manager,
Robinson, Little & Company, Limited,
Winnipeg, Manitoba.

E. J. R. WRIGHT, B.A., Q.C., Vice-President,
Robinson, Little & Company, Limited;
Senior Partner of the Law Firm of
Wright & Associates, London, Ontario.

A. H. WATSON, LL.D.
Retired Banker, Saskatoon, Saskatchewan.

F. C. ADAMS, President,
Charlton Consultants, London, Ontario.

D. J. REIMER, Vice-President and Treasurer,
Reimer Express Lines Ltd.,
Winnipeg, Manitoba.

J. T. McJANNET, B.A., Q.C.
Partner in Law Firm of Pitblado & Hoskin,
Director, Winnipeg Supply &
Fuel Company Limited, Winnipeg, Manitoba.

W. C. WEIR, President
Walter C. Weir Financial Planning &
Insurance Ltd., Minnedosa, Manitoba.

DIRECTORS



CLARE C. LECKIE



E. J. R. WRIGHT



F. C. ADAMS



A. H. WATSON



D. J. REIMER



J. T. McJANNET



W. C. WEIR

Robinson Little & Company Limited

AND SUBSIDIARY COMPANY

	1976	1975	1974	1973	1972
Sales	\$40,646,552	\$39,130,070	\$33,225,000	\$25,673,000	\$23,956,000
Dividends Paid on Class 'A' Shares	.10	.10	.10	.10	.10
Earnings per Common Share after Class 'A' Dividends	.40	.32	.70	*.37	.37
Dividends paid on Common Shares	.12	.12	.12	.12	.11
Fully Diluted Earnings per Share	.36	*.28	*.62	*.33	.33

*372,000 additional Common Shares were issued January 15, 1973.

HEAD OFFICE	—	1093 Sherwin Road, Winnipeg, Manitoba. R3H 0T9	
TRANSFER AGENT	—	The Royal Trust Company —	Winnipeg, Manitoba. Regina, Saskatchewan. Toronto, Ontario. Calgary, Alberta. Montreal, Quebec. Vancouver, B.C.
AUDITORS	—	Thorne Riddell & Company, Chartered Accountants.	
BANKERS	—	The Toronto Dominion Bank.	
ANNUAL MEETING	—	Meeting Thursday, 28th of April, 1977 at 11:00 A.M. at the Company's Head Office.	

OFFICERS

CLARE C. LECKIE	—	Chairman of the Board, President and General Manager.
E. J. R. WRIGHT	—	Vice-President.
B. B. LECKIE	—	Secretary.
J. H. LECKIE	—	Treasurer.

AUDITORS' REPORT

To the Shareholders of
Robinson, Little & Company, Limited

We have examined the consolidated balance sheet of Robinson, Little & Company, Limited as at December 31, 1976 and the consolidated statements of income, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the company as at December 31, 1976 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Thorne
Riddell
& Co.

CHARTERED ACCOUNTANTS

Winnipeg, Canada
March 24, 1977

**CONSOLIDATED BALANCE SHEET
AS AT DECEMBER 31, 1976**

ASSETS

Current Assets

	1976	1975
Cash	\$ 519,356	\$ 867,923
Accounts receivable	2,223,666	1,734,432
Inventories	13,000,206	11,964,834
Prepaid expenses	80,132	51,885
	<u>15,823,360</u>	<u>14,619,074</u>

Fixed Assets (Note 2)

Land, buildings and equipment	1,470,152	1,564,446
Accumulated depreciation	985,076	963,564
	<u>485,076</u>	<u>600,882</u>

Deferred Charges at cost less amounts
amortized

Management contract	1,104,060	1,177,664
Debenture issue costs	77,869	84,845
	<u>1,181,929</u>	<u>1,262,509</u>
	<u>\$17,490,365</u>	<u>\$16,482,465</u>

Approved by the Board

CLARE C. LECKIE, Director

FRED C. ADAMS, Director

Robinson Little & Company Limited

AND SUBSIDIARY COMPANY

(Incorporated under the laws of Canada)

LIABILITIES

Current Liabilities

	1976	1975
Bank indebtedness (Note 3)	\$ 1,300,000	\$ 950,000
Accounts payable and accrued liabilities	7,531,802	7,026,663
Income and other taxes	571,055	638,742
Current maturities on long-term debt	100,000	100,000
	<u>9,502,857</u>	<u>8,715,405</u>

Long-Term Debt (Note 4)	<u>1,569,000</u>	<u>1,696,500</u>
-------------------------------	------------------	------------------

Deferred Income Taxes	<u>29,995</u>	<u>23,587</u>
-----------------------------	---------------	---------------

SHAREHOLDERS' EQUITY

Capital Stock (Note 5)	2,484,832	2,484,832
------------------------------	-----------	-----------

Retained Earnings	<u>3,903,681</u>	<u>3,562,141</u>
-------------------------	------------------	------------------

	<u>6,388,513</u>	<u>6,046,973</u>
--	------------------	------------------

	<u>\$17,490,365</u>	<u>\$16,482,465</u>
--	---------------------	---------------------

Lease Commitments (Note 6)

**CONSOLIDATED STATEMENT OF RETAINED EARNINGS
YEAR ENDED DECEMBER 31, 1976**

	1976	1975
Balance at Beginning of Year	\$3,562,141	\$3,327,197
Net income	491,805	385,131
	<u>4,053,946</u>	<u>3,712,328</u>
Dividends declared		
Class A	6,178	6,265
Common	144,087	143,922
	<u>150,265</u>	<u>150,187</u>
Balance at End of Year	<u>\$3,903,681</u>	<u>\$3,562,141</u>

CONSOLIDATED STATEMENT OF INCOME
YEAR ENDED DECEMBER 31, 1976

	1976	1975
Net Sales	<u>\$40,646,552</u>	<u>\$39,130,070</u>
Net Income on Operations , for the year, before deducting the undernoted items	<u>\$ 1,579,034</u>	<u>\$ 1,375,421</u>
Deduct		
Depreciation and amortization	117,328	144,544
Contribution to employees' retirement plan	152,490	122,064
Amortization of management contract	73,604	73,604
Amortization of debenture issue costs	6,977	6,977
Interest on long-term debt	158,895	173,781
	<u>509,294</u>	<u>520,970</u>
Income before income taxes	<u>1,069,740</u>	<u>854,451</u>
Income Taxes		
Current	571,527	492,151
Deferred (reduction)	6,408	(22,831)
	<u>577,935</u>	<u>469,320</u>
Net Income	<u>\$ 491,805</u>	<u>\$ 385,131</u>
Earnings per share	<u>\$.40</u>	<u>\$.32</u>
Fully diluted earnings per share	<u>\$.36</u>	<u>\$.28</u>

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED DECEMBER 31, 1976

Working Capital Derived from	1976	1975
Operations	\$ 961,108	\$ 576,135
Proceeds from disposal of fixed assets	32,318	71,502
	<u>993,426</u>	<u>647,637</u>
Working Capital Applied to		
Purchase of fixed assets	33,427	33,534
Reduction of long-term debt	127,500	173,500
Dividends	150,255	150,187
	<u>311,182</u>	<u>357,221</u>
Increase in Working Capital	416,334	239,414
Working capital at beginning of year	5,903,663	5,664,255
Working Capital at End of Year	<u>\$6,320,000</u>	<u>\$5,903,663</u>

Ryan's Food Center Limited
A subsidiary company

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 1976

1. Accounting Policies

(a) Principles of consolidation

The financial statements of the company have been consolidated with those of its wholly-owned subsidiary, The Brock Company (Western) Limited. Inter-company transactions have been eliminated for consolidation purposes.

(b) Inventories

The company values inventories at the lower of cost and net realizable value.

(c) Fixed assets

All fixed assets are stated at cost. Depreciation is provided on the diminishing balance basis using the following annual rates:

Retail store buildings	
Brick	5%
Frame	10%
Equipment	20%
Automobiles	
Cost, less salvage value	30%

When fixed assets are disposed of, the cost of the assets and the related accumulated depreciation are removed from the accounts and the resulting gain or loss on disposal is included in income.

Leasehold improvements are amortized over the remaining term of the leases, plus one renewal option period on a straight-line basis.

(d) Deferred charges

The management contract is amortized on the straight-line basis over a period of 20 years ending in 1991.

Debenture issue costs are amortized on the straight-line basis over a period of 15 years ending in 1988.

(e) Income taxes

Deferred income taxes arise from claiming depreciation and other items for tax purposes in amounts differing from amounts recorded in the accounts.

2. Fixed Assets

	1976			1975
	Cost	Accumulated Depreciation	Net	Net
Land	\$ 16,370	\$	\$ 16,370	\$ 28,199
Buildings	97,009	64,046	32,963	34,213
Equipment	1,271,803	903,275	368,528	458,154
Automobiles	56,364	17,755	38,609	45,836
Leasehold improvements less amortization	28,606		28,606	34,480
	<u>\$1,470,152</u>	<u>\$ 985,076</u>	<u>\$ 485,076</u>	<u>\$ 600,882</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1976 (Continued)

3. Bank Indebtedness

The bank indebtedness is secured by a general assignment of book debts and by a debenture giving the bank a floating charge on the assets of the company.

4. Long-Term Debt

	1976	1975
9% Note payable in minimum annual instalments of \$100,000	\$ 300,000	\$ 400,000
9% Series A debenture payable, due January 15, 1988	1,369,000	1,396,500
	<u>1,669,000</u>	<u>1,796,500</u>
Less principal included in current liabilities	100,000	100,000
	<u>\$1,569,000</u>	<u>\$1,696,500</u>

The company will provide a sinking fund sufficient to retire \$40,000 of Series A debentures on July 15 in each of the years 1977 to 1979 and \$140,000 on July 15 in each of the years 1980 to 1987. Such payments together with a payment of \$190,000 at maturity date will provide for the retirement of all Series A debentures. The company has provided \$61,000 in advance of its sinking fund requirements.

During the year the company made commitments for leases in excess of the limits provided under the trust indenture for the Series A sinking fund debentures. Payments of the rentals on the excess commitments have been assumed directly by Hunter Enterprises of Manitoba Limited.

5. Capital Stock

	1976	1975
Authorized		
61,215 Class A shares of no par value		
2,550,000 Common shares of no par value		
2,000,000 6% Voting, non-cumulative deferred shares, at par value of \$.10 each		
Issued		
61,215 Class A shares (61,350 shares in 1975)	\$2,284,832	\$2,284,832
1,200,785 Common shares (1,200,650 shares in 1975)		
2,000,000 Deferred shares	200,000	200,000
	<u>\$2,484,832</u>	<u>\$2,484,832</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1976 (Continued)

6. Lease Commitments

The total rental paid for the year ended December 31, 1976 under leases for furniture and fixtures, store and warehouse facilities was as follows:

	Total rental expense	Dealers' obligation	Net rental expense
Furniture and fixtures, store and warehouse facilities	\$2,058,411	\$ 139,730	\$1,918,681

The minimum annual rental commitments under executed leases for furniture and fixtures, store and warehouse facilities (exclusive of occupancy charges and additional rental payable based on a percentage of gross sales) and the annual rental to be paid by dealers for store locations in the next five years are as follows:

	Total rental obligation	Dealers' obligation	Net minimum rental
1977	\$2,081,401	\$ 152,083	\$1,929,318
1978	1,746,090	109,428	1,636,662
1979	1,583,933	86,308	1,497,625
1980	1,380,687	68,775	1,311,912
1981	1,205,264	48,658	1,156,606

These agreements have options to renew for further periods from five to fifteen years.

7. Statutory Information

	1976	1975
Number of directors	11	11
Directors' remuneration as directors	\$ 5,850	\$ 5,400
Number of officers	4	4
Officers' remuneration as officers	\$ 165,599	\$ 156,975
Number of officers who are also directors	3	3

8. Anti-Inflation Act

The company is subject to the Anti-Inflation Act which provides, from October 14, 1975, for the restraints of profit margins, prices, dividends and compensation in Canada. Management is of the opinion that the company has complied with the Act.



TO OUR SHAREHOLDERS:

We take pleasure in presenting the results of our first six months operation for 1976.

We are opening three new Robinson Stores this Fall, in Winnipeg, Manitoba; Dryden, Ontario and Moosomin, Saskatchewan.

We will also open two Chez Cloth Stores, in The Pas, Manitoba and Winnipeg.

Management has to be cautious about the Fall business but the Company expects to make a modest profit.

By Order of the Board.

Clare C. Leckie
Chairman

DIRECTORS

CLARE C. LECKIE

E. J. R. Wright, Q.C.

A. H. WATSON, LL.D.

F. C. ADAMS

DELBERT J. REIMER

J. T. McJANNET, B.A.
LL.B.

W. C. WEIR

OFFICERS

CLARE C. LECKIE

Chairman of the Board,
President

E. J. R. WRIGHT, Q.C.
Vice-President

B. B. LECKIE
Secretary

J. H. LECKIE, C.A.
Treasurer



June 30, 1976

INTERIM REPORT to Shareholders

File

Robinson Little & Company, Limited

THE HOME OF ROBINSON STORES

1093 SHERWIN ROAD, WINNIPEG, MANITOBA - R3H 0T9

Robinson Little & Company Limited

AND SUBSIDIARY COMPANY CONSOLIDATED STATEMENT OF INCOME

For the Six-Month Period Ended June 30, 1976 (Unaudited)

	<u>1976</u>	<u>1975</u>
NET SALES	\$18,946,921	\$17,157,999
NET EARNINGS ON OPERATIONS FOR THE PERIOD		
Before Deducting the Undernoted Items	755,141	706,827
DEDUCT:		
Management Contract Write-off	36,802	36,802
Depreciation and Amortization	61,511	72,595
Contribution to Employees' Retirement Plan	63,715	55,614
Interest on Long Term Debt	81,210	89,215
Executive Salaries	62,000	60,000
Directors' Remuneration	3,900	3,300
	<u>309,138</u>	<u>317,526</u>
EARNINGS BEFORE TAXES THEREON	446,003	389,301
PROVISION FOR INCOME TAXES	241,402	213,052
NET EARNINGS FOR THE SIX MONTHS	<u>\$ 204,601</u>	<u>176,249</u>
EARNINGS PER COMMON SHARE AFTER CLASS 'A' DIVIDEND	<u>.17</u>	<u>.15</u>
FULLY DILUTED EARNINGS PER SHARE	<u>.15</u>	<u>.14</u>

CONSOLIDATED STATEMENT OF CHANGE IN FINANCIAL POSITION

For the Six-Month Period Ended June 30, 1976 (Unaudited)

	<u>1976</u>	<u>1975</u>
SOURCE OF FUNDS		
Operations		
Net Earnings	\$ 204,601	\$ 176,249
Items Not Involving Funds		
Depreciation and Amortization	61,511	72,595
Management Contract Amortization	36,802	36,802
	<u>302,914</u>	<u>285,646</u>
APPLICATION OF FUNDS		
Payment of Long Term Debt	103,000	108,500
Fixed Assets Acquired	10,670	4,177
Dividends	75,131	75,088
	<u>188,801</u>	<u>187,765</u>
INCREASE IN WORKING CAPITAL	114,113	97,881
Working Capital at Beginning of Year	5,903,669	5,664,255
WORKING CAPITAL AT END OF JUNE	<u>\$ 6,017,782</u>	<u>\$ 5,762,136</u>